



**U.S. Department of the Interior
Office of Inspector General**

SURVEY REPORT

**OVERSIGHT OF CONCESSIONS
OPERATIONS AND FEE PAYMENTS,
GUEST SERVICES, INC., AND ROCK CREEK PARK
HORSE CENTRE, INC.,
NATIONAL PARK SERVICE**

**REPORT NO. 97-I-515
FEBRUARY 1997**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

FEB 20 1997

MEMORANDUM

TO: The Secretary

FROM: Wilma A. Lewis
Inspector General

SUBJECT SUMMARY: Final Survey Report for Your Information - "Oversight of Concessions Operations and Fee Payments, Guest Services, Inc., and Rock Creek Park Horse Centre, Inc., National Park Service" (No. 97-I-515)

Attached for your information is a copy of the subject final survey report. The objective of the audit was to determine whether the National Park Service provided adequate oversight to ensure that Guest Services, Inc., and the Rock Creek Park Horse Centre, Inc., were operating in compliance with provisions of their concessions contracts and Park Service concessions management regulations and whether the concessioners had implemented adequate controls to ensure that all appropriate fees were paid.

We found that the Park Service's National Capital Area was generally providing adequate management and oversight of these two concessioners. However, improved oversight was needed in the following areas: preparing operating and maintenance plans, scheduling and monitoring operating hours and seasons, approving rates and prices, modifying a contract for changes in facilities, and authorizing therapeutic riding services at the Horse Centre. Also, the Park Service had not complied fully with regulations governing utility charges and building use fees and had not ensured that concessioners maintained adequate controls over revenues on which **franchise** fees were based. We recommended that the Director of the Park Service implement measures to ensure that concessioners: (1) comply with Park Service regulations and concessions contract provisions and (2) maintain adequate records of concessions revenues. We also recommended that the Park Service ensure that the Horse Centre conducts operations in accordance with contract provisions.

Based on the Park Service's response, we considered two of the report's eight recommendations resolved and implemented and six recommendations resolved but not implemented.

If you have any questions concerning this matter, please contact me at (202) 208-5745 or Mr. Robert J. Williams, Assistant Inspector General for Audits, at (202) 208-4252.

Attachment



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

FEB 28 1997

SURVEY REPORT

Memorandum

To: Assistant Secretary for Fish and Wildlife and Parks

From: Robert J. Williams *Robert J. Williams*
Acting Assistant Inspector General for Audits

Subject: Survey Report on Oversight of Concessions Operations and Fee Payments, Guest Services, Inc., and Rock Creek Park Horse Centre, Inc., National Park Service (No. 97-I-515)

INTRODUCTION

This report presents the results of our survey of the National Park Service's oversight of concessions operations and fee payments of Guest Services, Inc., and Rock Creek Park Horse Centre, Inc. The objective of the audit was to determine whether the Park Service provided adequate oversight to ensure that these two Washington, D.C., concessioners were operating in compliance with provisions of their concessions contracts and Park Service concessions management regulations and whether the concessioners had implemented adequate controls to ensure that all appropriate fees were paid.

BACKGROUND

Public Law 89-249, enacted in October 1965, authorized the National Park Service to enter into contracts with concessioners "to provide and operate facilities and services which [are] desirable for the accommodation of visitors in areas administered by the National Park Service." To regulate concessions operations, the Park Service issued "Concession Guidelines" (NPS-48), which contains guidance on concessioner responsibilities, such as financial reporting and record keeping, and establishes standards for the operation of concession facilities. The "Guidelines" also defines the Park Service's concessions management and oversight responsibilities.

All levels of the Park Service organization are responsible for concessions management and operations. The Concessions Division of the Washington Office in Park Service Headquarters is responsible for policy and procedural guidance. As part of an August

1995 Park Service reorganization, a Concessions Program Center was established in Denver, Colorado. The Center, which reports to the Washington Headquarters Office, is involved in tasks such as concessions planning, contracting, financial analyses, fee determinations, and rate and price analyses. At the operational level, field directorates, system support offices, park superintendents, and concessions specialists are responsible for oversight and management of concessions operations.

Under a 25-year contract ending December 31, 2010, Guest Services, Inc., is authorized to provide recreational services at ice skating, boating, and tennis facilities and to sell food and merchandise at sites located throughout the Washington, D.C., area. Guest Services operates at six park units in the National Capital Area: the George Washington Memorial Parkway, Rock Creek Park, the National Capital Parks - Central and East, the Chesapeake and Ohio Canal National Historical Park, and the President's Park. (Sites of Guest Services operations at each of these park units are listed in Appendix 1.)

Rock Creek Park Horse Centre, Inc., operates in Rock Creek Park and is authorized to provide riding lessons, trail rides, horse boarding, a summer riding camp, and a riding program for the handicapped. The Horse Centre's concessions contract was effective from January 1, 1988, through December 31, 1992. Since expiration of the contract, the Park Service has issued annual extensions to authorize continued operations. In July 1996, the Park Service solicited offers for a new concessions contract. As of November 4, 1996, the Park Service was reviewing offers, but it had not set a date for contract award.

SCOPE OF SURVEY

The scope of our survey was limited to two concessioners, Guest Services, Inc., and Rock Creek Park Horse Centre, Inc., in the National Capital Area and to Park Service management and oversight of these concessioners' operations. We reviewed records and observed commercial activities at 3 of 24 Guest Services sites in the National Capital Area (the Lincoln Memorial food and retail kiosks; the East Potomac Tennis Center; and Daingerfield Island marina, restaurant, and retail store facilities on the George Washington Memorial Parkway) and the Horse Centre's operations at its facility in Rock Creek Park. Our review of fee payments was limited to determining whether franchise and building use fees were paid properly and whether there were adequate controls to ensure that all revenues, on which franchise fees are based, were recorded accurately.

During our audit, we reviewed laws, regulations, and Park Service guidance pertaining to concessions operations and analyzed documentation (such as contracts, annual financial statements, operating and maintenance plans, correspondence, rate and price analyses, and operational reviews) on the two concessioners' operations selected for review. We interviewed Park Service officials at headquarters and field offices in Washington, D.C., and McLean, Virginia, and concessions officials at their business offices in Fairfax, Virginia (Guest Services), and Washington, D.C. (the Horse Centre). We also observed eight Guest Services kiosks in the National Capital Area to determine whether they were operated in accordance with the approved operating schedules for these facilities.

The survey was conducted in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of our review, we evaluated the system of internal controls related to concessions operations and management. We found that the Park Service needed additional controls to ensure that the concessioners operated in compliance with Park Service regulations and adequately served the public's interests and that the Horse Centre and Guest Services (at the East Potomac Tennis Center) maintained adequate controls over revenues. Our recommendations, if implemented, should improve internal controls in these areas.

We also reviewed the Department of the Interior's Annual Statement and Report, required by the Federal Managers' Financial Integrity Act of 1982, for calendar year 1995 and determined that no material weaknesses directly related to the objective and scope of our survey were reported.

PRIOR AUDIT COVERAGE

Neither the Office of Inspector General nor the General Accounting Office has issued any audit reports on concessions operations of Guest Services, Inc., or the Rock Creek Park Horse Centre, Inc., in the past 5 years. However, the Smithsonian Institution's Inspector General issued an audit report in April 1996 on Guest Services food service concession at "a single component of the Institution." The report stated that Guest Services "daily sales appeared to be accurately reported and deposited." The report also stated that Guest Services was not reimbursing the Smithsonian for actual utility charges or for the energy used by staff cafeterias.

Although the Department of the Interior's Office of Inspector General has issued, during the past 5 years, several reports on concessions management practices and on individual concessioners, only one of these reports contained information that was relevant to our findings. The report "Concessions Management, National Park Service" (No. 94-I-1211), issued in September 1994, stated that the Park Service undercharged concessioners for the use of Government-owned facilities and recommended that the Park Service determine and assess a building use fee, based on fair value, for each Government-owned facility used by concessioners. In its response, the Park Service said that draft guidelines for building use fees had been prepared; would be reviewed by a Park Service task force; and would be implemented by September 30, 1994. During our current review, we found that procedures for calculating building use fees had been issued in December 1995. A Park Service Headquarters official said that the procedures would be used as part of the Park Service's negotiation of Guest Services fees.

RESULTS OF SURVEY

We found that the Park Service's National Capital Area was generally providing adequate management and oversight of Guest Services, Inc., and Rock Creek Park Horse Centre,

Inc., to ensure that these concessioners were operating in accordance with the provisions of their concessions contracts and in compliance with Park Service regulations. However, additional oversight and/or controls were needed in five areas: preparing operating and maintenance plans, scheduling and monitoring operating hours and seasons, approving rates and prices, modifying a contract for changes in facilities, and authorizing therapeutic riding services at the Horse Centre. We also found that the Park Service had not complied fully with its regulations governing utility charges and building use fees and that it needed to ensure that both concessioners maintained adequate controls over revenues on which franchise fees are based. We believe that by providing greater oversight and control, the Park Service could better ensure that these concessions operations serve the public's interest and that all revenues due the Federal Government are paid.

Oversight of Concessions Operations

We found that the Park Service needed to strengthen its oversight and to implement additional controls to ensure that concessioners complied fully with Park Service guidance (NPS-48) and with the terms and conditions of their concessions contracts.

Operating and Maintenance Plans. Chapters 26 and 37 of NPS-48 provide guidance on concessioners' operating and maintenance plans. According to this guidance, plans should clearly identify the "day-to-day operational requirements, procedures and responsibilities of both the Service and the concessioner" and "must be designed to custom fit the type of service" to be useful. We found that Guest Services and the Horse Centre had fulfilled their general maintenance responsibilities under their operating and maintenance plans. However, we also found that the Park Service had prepared one operating and maintenance plan for all Guest Services commercial enterprises within each park unit and that the plans, in general, had no detailed standards. As such, park units having an assortment of Guest Services commercial operations (such as National Capital Parks - Central, with its paddle boat rental, tennis court, and food and merchandise sales facilities) did not have plans that were "custom fit" to the type of services rendered, nor were operations subject to written standards governing matters such as hours of operation, staff qualifications, employee training, visitor reservation deposit and refund policy, or visitor and employee safety measures.

Chapters 26 and 37 of NPS-48 also require that operating and maintenance plans "be reviewed jointly with the concessioner each year and revised as required." We found, however, that the Park Service had not updated Guest Services maintenance and operating plans in a timely manner. Only one of Guest Services operating and maintenance plans had been reviewed in the past 2 years, and the other plans had not been revised, on the average, for over 9 1/2 years. At the time of our review, two park units had prepared revised plans, which were under negotiation with the concessioner.

Operating Hours/Seasons. According to the operating and maintenance plan for National Capital Parks - Central, Guest Services is required to submit to the Park Service by March 15 a proposed schedule of operations for the year. In lieu of Guest Services

submitting a schedule, the Park Service has periodically issued memoranda establishing the seasons or hours of operations in response to Guest Services requests for such. These memoranda identified the Guest Services kiosks that were to be operated on a seasonal or a year-round basis and established the hours of daily operation for the kiosks. However, there was no annual or systematic evaluation of whether the concessioner was meeting its operating schedule, and there usually was no written approval for changes to the existing operating schedule.

At some sites, we found that Guest Services was not maintaining the established hours or seasons of operations. Specifically, two kiosks that should have been open year-round were closed when we visited the sites, and another two kiosks opened later than the established date. At four other sites, the posted operating hours were shorter than the established operating schedule.

Park Service concessions specialists responsible for these sites said that they had orally approved the temporary closure of the year-round facilities (two kiosks), the delayed opening of the two seasonal kiosks, and shortened operating hours at one site. However, the concessions specialists said that they had not approved shortened operating hours at the three other sites.

Rate and Price Approval. Chapter 18 of NPS-48 requires the Park Service to approve rates or prices charged the public and to ensure that certain types of merchandise are sold at prices within approved rates. At two of three Guest Services sites reviewed and at the Horse Centre, we found that the Park Service had ensured that the prices of goods and services offered to the public were within the approved rates. However, the concessions specialist at National Capital Parks - Central had not obtained cost documentation or a supplier's published retail price list to validate that merchandise was priced properly at the other Guest Services site.

Contract Modification. Chapter 10 of NPS-48 requires the Park Service to amend a concessions contract if there is a "change in services, facilities and accommodations provided." However, Guest Services operated four concessions (the Glen Echo Park snack bar, the Anacostia Pavilion, the Pierce Mill tennis courts, and the Air and Space retail kiosk) that were not authorized under its contract or any contract modification. According to a Park Service official, Guest Services had taken over these four concessions on a trial basis, and the Park Service had not modified the concessions contract when Guest Services continued to operate the facilities. Park Service records showed that Guest Services had been operating the Glen Echo facility since about 1986. However, the Park Service had no record of the date on which Guest Services assumed operational control at the three other sites.

Therapeutic Riding Services. Under its contract with the Park Service, the Horse Centre was authorized to provide riding programs for the handicapped. However, instead of providing these programs, the Horse Centre entered into a related-party agreement with the National Center for Therapeutic Riding, a nonprofit organization whose executive

director is also president of the Horse Centre. Under the agreement, the National Center paid the Horse Centre for facilities, horses, and instructors. Although the Horse Centre recognized these payments in computing its franchise fees, it had not been authorized by the Park Service to sublet facilities, to provide staff on a cost-reimbursable basis, or to lease horses. A Horse Centre official said that the National Center conducted the therapeutic riding sessions because the Horse Centre had not obtained insurance coverage for this activity. She said that the Horse Centre believed the cost of insurance to cover the disabled to be too expensive and that the Horse Centre, therefore, had not attempted to obtain such coverage.

We consider the National Center's operations, which are conducted solely on national park property, to be unauthorized because the Center is a separate corporate entity and is not an approved subconcessioner. (The Park Service had posted signs in Rock Creek Park for both the Horse Centre and the National Center indicating that both enterprises were approved by the Park Service.) Further, the Park Service does not review the National Center's financial report and does not evaluate the operations of the National Center during its periodic performance reviews. As such, the National Center may not be subject to Park Service oversight, which would enable the Park Service to monitor and regulate the National Center's activity and ensure that Park Service-established standards are met in the delivery of therapeutic riding services. Moreover, there is no arms length relationship between the Horse Centre and the National Center, which are owned by the same individual, to minimize the risk of improprieties or financial mismanagement.

At the time of our review, the Park Service was reviewing offers prior to awarding a new concessions contract for the Horse Centre. We believe that if the Horse Centre is selected as the new concessioner, the Park Service should: (1) ensure that the therapeutic riding sessions are conducted by the Horse Centre in accordance with contract provisions and that all revenues from this activity are reported to the Park Service or (2) approve the operations of the National Center as a subconcession and ensure that the subconcessioner meets Park Service operating and financial standards for such an operation.

Fee Payments

We found that the Park Service needed to ensure that concessioners were paying the proper amounts for utility costs, building use fees, and franchise fees.

Utility Costs. Chapter 18 of NPS-48 requires the Park Service to charge concessioners for the cost of utilities supplied "based on operating costs . . . but not lower than comparable utility costs." However, the Park Service did not bill Guest Services for utilities supplied to a cafeteria that was operated inside a Park Service office building and a retail shop at the Jefferson Memorial.

A Park Service official said that Guest Services was not charged for utilities at the cafeteria because the Park Service occasionally used the facility for meetings and that it would be difficult to determine the portion of utility costs attributable to the concessioner's

operations. Another Park Service official said that Guest Services was not charged for utilities at the retail shop because there was no separate metering of the concessioner's space. Because the concessioner is not paying utility costs, the Park Service is in effect subsidizing concessions operations.

Building Use Fees. Chapter 24 of NPS-48 requires the Park Service to charge concessioners for the use of Government-owned buildings. Specifically, the guidance states that "all buildings, structures, or facilities assigned for concessioner use shall provide for a fair value return" to the Government and provides for adjustments to the appraised value, taking into consideration factors "regarding reasonable profit. "

The Guest Services concessions contract includes a list of Government-owned buildings, which had a replacement value of \$9.2 million in 1985, that are used by the concessioner. Since 1986, Guest Services has paid \$14,400 a year for these structures. A Headquarters official said that the Park Service plans to implement the new building use fee guidance, issued in 1995, as part of its negotiation of the fees paid by Guest Services.

Franchise Fees. Chapter 24 of NPS-48 authorizes the Park Service to require concessioners to maintain records needed to determine whether all terms of the concessions contract have been performed. However, the Horse Centre did not maintain adequate records or record-keeping systems needed for the Park Service to validate revenues from trail rides, group and individual horse riding lessons, and horse boarding. For example, the Horse Centre did not issue tickets or use a cash register to record receipts from trail rides and did not maintain an adequate system for tracking revenues from horse riding lessons. As such, we were unable to verify that all revenues from trail rides and riding lessons were reported. Also, the concessioner told us that during the past few years, it has had a waiting list of individuals seeking to board horses. However, its financial statements for calendar year 1995 reported horse boarding revenues that reflected less than full use of the stables. Because the concessioner did not maintain records to document all boarding agreements in effect during 1995 and did not require boarders to submit advance written notification when they terminated their boarding arrangements, we were unable to determine whether the Horse Centre had recorded all boarding fee receipts.

At Guest Services East Potomac Tennis Center, we found that the concessioner issued tickets for court rental and for other services rendered and placed related receipts in a cash register. However, in our tests of 15 days of transactions at the Tennis Center, we found that daily receipts recorded on the Center's sales tickets did not agree with the daily sales report, which was maintained by Guest Services accounting department, for any of the 15 days. The variance in daily revenues ranged from \$290 (the daily sales reported exceeded the day's sales receipts) to \$358 (daily sales receipts exceeded the amount shown on the daily sales report), and total revenues shown on daily sales tickets were \$320 more than the total revenues shown on daily sales reports for the 15-day period. Because of inconsistencies in daily sales records, we could not verify the accuracy of the Tennis Center's reported revenues.

Recommendations

We recommend that the Director, National Park Service:

1. Direct Park Service superintendents in the Washington, D.C., area to review and revise, as required, on an annual basis, the operating and maintenance plans for Guest Services, Inc., and to prepare operating and maintenance plans that are “custom fit” for the particular type of service and that include specific standards of operation and maintenance for each of Guest Services commercial activities.
2. Require concessions specialists in the Washington, D.C., area to monitor concessioners’ operating hours to ensure compliance with scheduled hours or seasons of operation and prepare written approval for any deviation from approved operating schedules.
3. Direct concessions specialists in the National Capital Area parks to obtain cost and/or price documentation to help ensure that concessioners’ goods and services are priced in accordance with NPS-48 guidance.
4. Amend Guest Services contract to authorize the concessioner to operate the Glen Echo Park snack bar, the Anacostia Pavilion, the Pierce Mill tennis courts, and the Air and Space retail kiosk if such operations are to continue. In accordance with Park Service guidance, operating and maintenance plans should be prepared for each of these commercial activities.
5. Ensure that therapeutic riding sessions are conducted by the Horse Centre in accordance with contract provisions and that all revenues from this activity are reported to the Park Service or ensure that the Park Service approves the operations of the National Center as a subconcession so that the Center meets Park Service operating and financial standards for such an operation.
6. Develop a procedure for identifying and recovering the cost of utilities provided to Guest Services for its concessions operations at the Park Service office building cafeteria and the Jefferson Memorial retail shop.
7. Ensure that the National Capital Area Field Office implements the December 1995 guidance on building use fees with respect to Guest Services use of Government-owned buildings.
8. Ensure that the Rock Creek Park Horse Centre maintains adequate records to allow the Park Service to validate reported revenues. Also, Guest Services should be required to implement additional controls to ensure that all East Potomac Tennis Center receipts are accounted for and are reported accurately.

National Park Service Response and Office of Inspector General Reply

In the January 24, 1997, response (Appendix 2) from the Field Director, National Capital Area, National Park Service, the Park Service concurred with seven of the eight recommendations. The Park Service disagreed with Recommendation 7, stating that the Washington Office of Concessions Management was not the office responsible for implementation. However, the Park Service also stated that corrective action had been taken. We have revised the recommendation to clarify that the National Capital Area is the responsible office. Based on the response, we consider Recommendations 1-6 resolved but not implemented and Recommendations 7 and 8 resolved and implemented. Accordingly, the unimplemented recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

Since the report's recommendations are considered resolved, no further response to the Office of Inspector General is required (see Appendix 3).

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the cooperation of National Park Service personnel in the conduct of our audit.

SITES OF GUEST SERVICES, INC., AT EACH PARK UNIT

Chesapeake and Ohio Canal National Historical Park

Great Falls, Maryland (food)
Harry Thompson Boat Center(boat rentals)

George Washington Memorial Parkway

- * Daingerfield Island (marina, food, merchandise)
- Columbia Island (marina, food)
- Great Falls, Virginia (food)
- Glen Echo, Maryland (food)

National Capital Parks - Central

- * Lincoln Memorial (food, merchandise)
- ** Dinosaur Exhibit (food, merchandise)
- ** American History Museum (food)
- ** Washington Monument Lodge (food, merchandise)
- ** Pershing Park (skating, food)
- ** Air and Space Museum (food, merchandise)
- * East Potomac Tennis Center (tennis courts, lessons)
- National Capital Area Office Cafeteria (food)
- ** Jefferson Memorial (food, merchandise)
- ** South Mall Carousel (food)
- Tidal Basin (paddle boats, food)
- Constitution Gardens (food)

National Capital Parks - East

Anacostia Park Pavilion (food)
Fort Dupont Park (skating)

President's Park

- ** President's Park Kiosk (food, merchandise)

Rock Creek Park

Reservoir Tennis Courts (tennis courts)
Pierce Mill Tennis Courts (tennis courts)
Carter Baron Amphitheater (food)

* Sites visited to review financial records and observe operations.

** Sites visited to observe operating hours/seasons




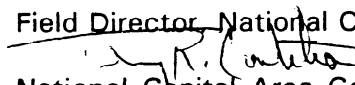
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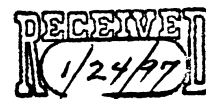
NATIONAL PARK SERVICE
National Capital Region
1100 Ohio Drive, SW.
Washington, D.C. 20242

C3823(NCSO-OCM)

JAN 24 1997

Memorandum

To: Assistant Inspector General for Audits 
Through: Management Officer, Audit and Accountability Team, National Park Service
From: Field Director, National Capital Area 
Subject: National Capital Area Comments on Inspector General Draft Survey Report on Oversight of Concessions Operations and Fee Payments, Guest Services, Inc., and Rock Creek Park Horse Centre, Inc., National Park Service (Assignment No. E-IN-NPS-009-96)



Thank you for the opportunity to review the subject Inspector General draft report. The draft report was forwarded to our Concessions Management staff for comment. At this time we would like to provide the attached comments, updates, and the individuals responsible for complying with the recommendations.

Should you have any questions or require any further information, please contact Ed Duffy, Chief of Concessions Management, at (202) 619-7404.

Attachment

**NATIONAL PARK SERVICE, NATIONAL CAPITAL AREA
COMMENTS ON DRAFT SURVEY REPORT
(ASSIGNMENT NO. E-IN-NPS-009-96)**

**OVERSIGHT OF CONCESSIONS OPERATIONS AND FEE PAYMENTS
GUEST SERVICES, INC., AND ROCK CREEK PARK HORSE CENTRE, INC.**

1. **Direct the National Park Service superintendents in the Washington, D.C., area to review and revise, as required, on an annual basis, the operating and maintenance plans for Guest Services, Inc., and to prepare operating and maintenance plans that are “custom fit” for the particular type of service and that include specific standards of operation and maintenance for each of Guest Services commercial activities.**

NPS COMMENT:

AGREE. PARK SUPERINTENDENTS WITH **GSI** OPERATING WITHIN THEIR BOUNDARIES WILL BE REMINDED TO ANNUALLY REVIEW AND REVISE, AS NEEDED, THEIR MAINTENANCE AND OPERATING **PLANS** WITH THE CONCESSIONER. **WE** AGREE THAT THE PLANS SHOULD CONTAIN INFORMATION WHICH IS BOTH GENERAL AND SITE SPECIFIC. **HOWEVER, WE DO NOT AGREE THAT EACH SITE SHOULD HAVE ITS OWN SEPARATE PLAN.** WITH ONE OF THE AFFECTED PARKS HAVING MORE THAN A DOZEN SITES, IT WOULD NOT BE PRACTICAL OR EFFICIENT TO PREPARE AND EXECUTE **TWO** PLANS PER SITE. THEREFORE, WE WILL RECOMMEND THAT THE PARKS REVISE **AND** UPDATE THEIR MAINTENANCE **PLAN AND** OPERATING PLAN FOR **GSI** SO THAT THEY CONTAIN GENERAL, AS WELL AS, SITE SPECIFIC STANDARDS. THIS WILL BE ACCOMPLISHED BY THE END OF FISCAL YEAR **1997**. THE CHIEF OF CONCESSIONS MANAGEMENT, NATIONAL CAPITAL SYSTEM SUPPORT OFFICE, **WILL BE RESPONSIBLE** FOR THIS ACTION.

IT SHOULD BE NOTED THAT DURING THE TIME THIS AUDIT WAS CONDUCTED AND THE CLOSE OUT MEETING HELD, THAT NATIONAL CAPITAL PARKS- CENTRAL AND GEORGE WASHINGTON MEMORIAL PARKWAY, TWO OF THE THREE PARKS VISITED BY THE AUDITORS, HAD **ALREADY** PREPARED AND SUBMITTED PLANS TO **GSI** FOR SIGNATURE. NEGOTIATIONS **BETWEEN GSI AND** THESE PARKS ARE ONGOING.

2. **Require concession specialists in the Washington, D.C., area to monitor concessioners' operating hours to ensure compliance with scheduled hours or seasons of operation and prepare written approval for any deviation from approved operating schedules.**

NPS COMMENT:

AGREE. PARK CONCESSION SPECIALISTS **WILL** BE NOTIFIED TO COMPLY WITH THIS RECOMMENDATION. THE PROPER OPERATING HOURS FOR EACH SITE **WILL** BE PLACED IN EACH OPERATING **PLAN** AND APPROVAL OBTAINED IN WRITING FOR ANY TEMPORARY OR **PERMANENT** CHANGE. THIS **WILL** BE ACCOMPLISHED BY THE END OF FISCAL YEAR **1997**. THE CHIEF OF CONCESSIONS MANAGEMENT, **NCSO, WILL** BE RESPONSIBLE.

3. **Direct concession specialists in the National Capital Area parks to obtain cost and/or documentation to help ensure that concessioners' goods and services are priced in accordance with NPS-48 guidance.**

NPS COMMENT:

AGREE. PARK CONCESSION **SPECIALISTS WILL** BE REMINDED TO STRICTLY **FOLLOW** THE PRICING GUIDELINES SET FORTH WITHIN **NPS48**. IT SHOULD BE NOTED THAT THE NATIONAL CAPITAL AREA RECENTLY EXPERIENCED AN EXTENSIVE TURNOVER IN PARK CONCESSION SPECIALISTS STAFF. **WITH FEW EXCEPTIONS, THE MAJORITY OF THE PARK SPECIALISTS HAVE 1 YEAR OR LESS EXPERIENCE. AT THE TIME THE AUDIT BEGAN, THE CONCESSION SPECIALISTS IN THE AUDITED PARKS, HAD APPLIED FOR, BUT NOT YET TAKEN, THE EVALUATION AND PRICING TRAINING REQUIRED FOR ALL SPECIALISTS. IN MAY, ONLY A FEW MONTHS AFTER THE AUDIT BEGAN, TWO OF THE THREE SPECIALISTS SUCCESSFULLY COMPLETED THIS TRAINING. THIS HAS BEEN ACCOMPLISHED. THE CHIEF OF CONCESSIONS MANAGEMENT, NCSO, WILL FORWARD COPY OF THIS RESPONSE AND WILL REVIEW ANNUAL REPORTING DOCUMENTS TO INSURE COMPLIANCE.**

4. **Amend Guest Services Inc., contract to authorize the concessioner to operate Glen Echo Park snack bar, the Anacostia Pavilion, the Pierce Mill tennis courts, and the Air and Space retail kiosk if such operations are to continue. In accordance with National Park Service guidance, operating and maintenance plans should be prepared for each of these commercial activities.**

NPS COMMENT:

AGREE. THE CONCESSIONS MANAGEMENT STAFF OF THE SYSTEM SUPPORT OFFICE IS IN THE PROCESS OF AMENDING THE **GSI** CONTRACT NOT ONLY TO INCLUDE THESE SITES, BUT ALSO TO REFLECT THE RECENTLY NEGOTIATED FRANCHISE FEE. SEE NUMBER 1 FOR NATIONAL PARK SERVICE COMMENT REGARDING SITE SPECIFIC MAINTENANCE AND OPERATING PLANS. THE CONTRACT AMENDMENT **WILL** BE EXECUTED BY APRIL 1, 1997.

5. **Ensure that therapeutic riding sessions are conducted by the Horse Centre in accordance with contract provisions and that all revenues from this activity are reported to the National Park Service, or ensure that the National Park Service approves the operations of the National Center as a subconcession so that the Center meets Park Service operating and financial standards for such an operation.**

NPS COMMENT:

AGREE. THE THERAPEUTIC RIDING CLASSES ARE A SERVICE AUTHORIZED BUT NOT REQUIRED UNDER THE CONCESSION CONTRACT. THE SUPERINTENDENT FOR ROCK CREEK PARK WILL ENSURE THAT THE CONCESSIONER, ROCK CREEK PARK HORSE CENTRE, INC., **WILL** BE THE **SOLE** ENTITY PROVIDING SERVICES, INCLUDING THERAPEUTIC RIDING CLASSES, TO THE **PUBLIC**. THE NATIONAL PARK SERVICE **WILL** NOT BE APPROVING A SUBCONCESSION AGREEMENT BETWEEN OUR CONCESSIONER AND THE NATIONAL CENTER FOR THERAPEUTIC RIDING. OUR CONCESSIONER **WILL** CONTINUE TO BE THE ONLY BUSINESS ENTITY AUTHORIZED TO PROVIDE SERVICES TO THE PUBLIC AT THE ROCK CREEK PARK HORSE CENTRE. THIS WILL BE ACCOMPLISHED BY THE PARK CONCESSION SPECIALIST THROUGH INFORMAL VISITS AND PERIODIC INSPECTIONS.

6. **Develop a procedure for identifying and recovering the cost of utilities provided to Guest Services for its concessions operations at the National Park Service office building cafeteria and the Jefferson Memorial retail shop.**

NPS COMMENT:

AGREE. A REVIEW WILL BE CONDUCTED AT BOTH OF THE LOCATIONS BY MAY 1, 1997. AT THAT TIME IT WILL BE DETERMINED WHETHER OR NOT IT IS ECONOMICALLY FEASIBLE TO INSTALL NEW METERS OR INSTIGATE ANOTHER ALTERNATIVE FOR RECOVERING UTILITY COSTS. THE PARK SUPERINTENDENT WILL BE RESPONSIBLE FOR THIS ACTION.

7. Ensure that Washington Office concessions officials implement the December 1995 guidance on building use fees with respect to Guest Services use of Government-owned buildings.

NPS COMMENT:

DISAGREE. THE WASHINGTON OFFICE OF CONCESSIONS MANAGEMENT DOES NOT IMPLEMENT GUIDANCE SUCH AS THE 1995 MEMORANDUM. HOWEVER, THE NATIONAL CAPITAL AREA FIELD OFFICE IN CONCERT WITH THE WASHINGTON OFFICE RECENTLY **COMPLETED** A NEW FRANCHISE FEE STRUCTURE FOR **GSI**. DURING THIS PROCESS, AU POTENTIAL IMPACTS, INCLUDING INCREASING BUILDING USE FEES, WERE CONSIDERED AND THE NEW FEE REPRESENTS THE FAIR MARKET VALUE OF THE CONTRACT IN ACCORDANCE WITH PUBLIC LAW 89-249. THIS ACTION HAS BEEN ACCOMPLISHED.

8. Ensure that the Rock Creek Park Horse Centre maintains adequate records to allow the Park Service to validate reported revenues. Also, Guest Services should be required to implement additional controls to ensure that all East Potomac Tennis Center receipts are accounted for and are reported accurately.

NPS COMMENT:

AGREE. THE SUPERINTENDENTS AND APPROPRIATE STAFF AT ROCK CREEK PARK AND NATIONAL CAPITAL PARKS-CENTRAL HAVE BEEN INFORMED OF THIS PROBLEM. THE PARKS HAVE BEGUN WORKING DIRECTLY WITH THE **CONCESSIONERS** TO ENSURE THAT MORE ACCURATE SALES RECORDS ARE MAINTAINED AT ROCK CREEK PARK HORSE CENTRE AND THAT **GSI** WILL IMPLEMENT ADDITIONAL CONTROLS TO ENSURE THAT EAST POTOMAC TENNIS CENTER RECEIPTS ARE ACCOUNTED FOR AND REPORTED ACCURATELY. FOR AU INTENT AND PURPOSES, THIS ACTION HAS BEEN ACCOMPLISHED. PERIODIC REVIEW TO ENSURE CONTINUED COMPLIANCE WILL BE CONDUCTED BY THE PARK CONCESSION **SPECIALISTS** THROUGHOUT THE YEAR.

STATUS OF SURVEY REPORT RECOMMENDATIONS

Finding/Recommendation Reference	Status	Action Required
1, 2, 3, 4, 5, and 6	Resolved; not implemented	No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.
7 and 8	Implemented	No further action is required.

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